



January 15, 2018

Regional Economic Report (Summary) January 2018

Bank of Japan

This report summarizes the reports from all regional research divisions, mainly at the Bank's branches in Japan, and is based on data and other information gathered for the meeting of general managers of the Bank's branches held today. The English translation is based on the Japanese original.

I. Regional Economic Assessments (Overview)







According to assessments from regions across Japan, six regions (Hokuriku, Kanto-Koshinetsu, Tokai, Kinki, Chugoku, and Kyushu-Okinawa) reported that their economy had been expanding or expanding moderately, and three regions (Hokkaido, Tohoku, and Shikoku) noted that the economy had continued to recover moderately. These reports were based on the assessments that the virtuous cycle from income to spending had been maintained, as labor market conditions had continued to tighten steadily and private consumption had improved, while exports had been on an increasing trend with overseas economies growing at a moderate pace.

Compared with the previous assessment in October 2017, three regions (Tohoku, Hokuriku, and Kinki) revised their assessments upward. The Tohoku region upgraded its assessment due to increased production in general-purpose, production and business oriented machinery, given firms' proactive increase in fixed investment at home and abroad, and the Hokuriku region, mainly due to the strengthened momentum in business fixed investment aimed at expanding domestic capacity and saving labor. The Kinki region revised up its assessment based on the strengthened momentum in exports and the improvement in private consumption. Meanwhile, the other six regions reported that their assessments were unchanged.

Comparison of Previous and Current Assessments by Region

Region	Assessment in October 2017	Changes from the previous assessment ¹	Assessment in January 2018
Hokkaido	The economy has been recovering.	⇒	The economy has been recovering.
Tohoku	The economy has continued its moderate recovery trend.	↗	The economy has continued to recover moderately.
Hokuriku	The economy has been expanding moderately.	↗	The economy has been expanding.

¹ With regard to the changes from the previous assessment, arrows pointing to the upper right or lower right indicate changes in the pace of improvement or deterioration compared with the previous assessments, respectively. For example, an acceleration in the pace of improvement or deceleration in the pace of deterioration is indicated with an arrow pointing to the upper right. A horizontal arrow pointing to the right indicates that the pace of improvement or deterioration in economic conditions is unchanged compared with the previous assessments.

Kanto-Koshinetsu	The economy has been expanding moderately.		The economy has been expanding moderately.
Tokai	The economy has been expanding.		The economy has been expanding.
Kinki	The economy has been expanding moderately.		The economy has been expanding moderately, with its growth becoming more solid.
Chugoku	The economy has been expanding moderately.		The economy has been expanding moderately.
Shikoku	The economy has continued to recover moderately.		The economy has continued to recover moderately.
Kyushu-Okinawa	The economy has been expanding moderately.		The economy has been expanding moderately.

II. Assessments of Components by Region

Region	Public investment	Business fixed investment	Private consumption
Hokkaido	Increasing	Increasing	Recovering on the back of steady improvement in the employment and income situation
Tohoku	Has been at a high level, primarily in construction orders related to the restoration and reconstruction following the earthquake disaster, although the value of public works contracted -- a figure that reflects the situation of orders for public construction works -- has been below the previous year's level	Has been on a moderate increasing trend	Has been resilient
Hokuriku	Increasing	Increasing	Picking up steadily, as the employment and income situation continues to improve steadily

Kanto-Koshinetsu	Has lost some of its growth momentum	Increasing	Increasing moderately, albeit with fluctuations
Tokai	Has been on an increasing trend	Has continued to increase steadily	Recovering moderately
Kinki	Declining	Has been on an increasing trend	Increasing moderately on the whole, with the spending behavior of households improving, mainly on the back of the favorable employment and income situation
Chugoku	Has been more or less flat	Increasing	Picking up
Shikoku	Picking up and running at a high level	Increasing moderately	Picking up moderately
Kyushu-Okinawa	Has been at a high level	Increasing	Has been recovering on the whole, largely due to (i) steady replacement demand for durable goods and (ii) moves to purchase food and beverages as well as apparel

Region	Housing investment	Production	Employment and income
Hokkaido	Declining moderately	Has been more or less flat	Supply and demand conditions in the labor market are tightening; household income is recovering
Tohoku	Has begun to decline, with reconstruction demand following the earthquake disaster having peaked out, although it is still at a high level	Increasing moderately	Supply and demand conditions in the labor market have continued to improve; household income has been on a moderate increasing trend
Hokuriku	Has been more or less flat	Has maintained momentum	The employment and household income situation is improving steadily

Kanto-Koshinetsu	Weakening	Has been on an increasing trend	Household income is increasing moderately as supply and demand conditions in the labor market continue to tighten steadily
Tokai	Has been more or less flat	Increasing	Supply and demand conditions in the labor market are tightening and household income has continued to improve
Kinki	Has been more or less flat	Has been on an increasing trend	With the steady tightening of supply and demand conditions in the labor market, the number of employees is rising and household income is increasing moderately as well
Chugoku	Increasing moderately	Increasing	The employment and household income situation has continued to improve steadily
Shikoku	Increasing moderately, chiefly in housing for rent, albeit with fluctuations	Has continued to show signs of a pick-up, albeit with fluctuations	Supply and demand conditions in the labor market have been on a tightening trend and household income is picking up moderately
Kyushu-Okinawa	Has been at a high level, mainly on the back of reconstruction demand following the Kumamoto Earthquake and of the low-interest rate environment	Has been at a high level on the back of strong overseas demand, although some weakness has been observed in some industries	Supply and demand conditions in the labor market are tightening, mainly on the back of an increase in new job offers; household income is picking up, albeit with fluctuations

Appendix: Prefectures Included in Each Region

Region	Prefectures
Hokkaido	Hokkaido
Tohoku	Aomori, Iwate, Miyagi, Akita, Yamagata, and Fukushima
Hokuriku	Toyama, Ishikawa, and Fukui
Kanto-Koshinetsu	Ibaraki, Tochigi, Gunma, Saitama, Chiba, Tokyo, Kanagawa, Niigata, Yamanashi, and Nagano
Tokai	Gifu, Shizuoka, Aichi, and Mie
Kinki	Shiga, Kyoto, Osaka, Hyogo, Nara, and Wakayama
Chugoku	Tottori, Shimane, Okayama, Hiroshima, and Yamaguchi
Shikoku	Tokushima, Kagawa, Ehime, and Kochi
Kyushu-Okinawa	Fukuoka, Saga, Nagasaki, Kumamoto, Oita, Miyazaki, Kagoshima, and Okinawa

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